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Marlin defends Fisher Funds renewal in face of shareholder revolt

Paul McBeth | Friday October 26, 2012 | [2 comments](#)

BUSINESSDESK: Marlin Global, the listed investment company that buys international stocks, has defended the renewal of its management contract with Fisher Funds, saying there were no grounds to ditch the fund manager ahead of next week's annual meeting where it faces a resolution to cash up its portfolio.

- [Elevation Capital questions Fisher Funds' renewed Marlin contract](#)

The agreement contained specific renewal provisions that had to be adhered to and the independent directors determined it was prudent to "ensure continuity of management", chairman Alistair Ryan says in a statement.

The statement was made in response to shareholder Elevation Capital Management's presentation questioning the decision as it puts forward a resolution at the annual meeting to liquidate the company's holdings and return the cash to investors.

"The renewal process is set out in the management agreement and was completed over a period from late June through to mid-September, prior to receipt of the Elevation proposal," Mr Ryan says.

"The final timing of the conclusion of the renewal process and the receipt of the Elevation shareholder resolution coincided but they were two separate processes."

Marlin's independent directors Mr Ryan and Carol Campbell scotched the proposal, saying Elevation is a rival fund manager and had only been a shareholder for a matter of weeks.

Likewise, Fisher Funds' Carmel Fisher said Elevation's hostile approach was aimed at making a one-off gain and investors should be looking for a long-term investment focus.

Elevation says Marlin shareholders have been poorly served by the company, which has consistently traded at a discount to its net asset value and underperformed passive indexes. Winding it up offers investors upside of some 15% with a return of some 81 cents, it says.

That would let Marlin investors take advantage of better options in the market, which has expanded since Marlin launched in 2007, Elevation said.

Marlin is already returning capital to shareholders through its managed dividend policy that pays out more than the investment firm earns, it said.

"There exists better performing and a more diverse range of international equity offerings available to shareholders with more attractive risk/reward profiles," the Elevation presentation said.

Elevation joined Marlin's shareholding register in September after several director resignations and retirements raised a "red flag" for the fund manager.

Marlin's shares traded at 71 cents yesterday, a 14% discount to its October 23 net asset value of 82.35 cents after deducting treasury stock from the buy-back programme. Its five biggest assets are Germany's Biotest, Stratec Biomedical, Wirecard, Israel's Sarin Technologies and US based Orthofix.

Marlin wrote down 80% of its stake in recycling paper company Fook Woo after the Hong Kong-listed firm was suspended from trading amid allegations of fraud. Fook Woo accounts for about 1% of the Marlin portfolio.